

1 Benyam and Paula R. Mulugeta
2 1020 Harker Ave.
3 Palo Alto, Ca. 94301
4 Tel.650-906-8012
5 Email bmulugeta1020@gmail.com

FILED

OCT 09 2009

CLERK
United States Bankruptcy Court
San Jose, California

Debtors in Possession

UNITED STATES BANKRUPTCY COURT
NORTHERN DISTIRCT OF CALIFORNIA

In Re:

8 Benyam and Paula R. Mulugeta) Case No. 09-51900 ASW
9) Chapter 11
10 Debtors)
11) DEBTORS DECLARATION AND PROPOSAL
12)
13) Date: October 9, 2009
14) Place: United States Bankruptcy Court
15) 280 S. First Street
16) San Jose, CA. 95113
17)

15 TO THE HONORABLE ARTHUR S. WEISSBORDT, UNITED STATES BANKRUPTCY JUDGE:

16 I, Benyam Mulugeta, do hereby declare and propose:

17 1- I am one of the debtors and authorized to make this declaration and proposal on
18 my own behalf and on behalf of my spouse and Debtors, Paula R. Mulugeta
("Debtors").
19 2- The Debtors have been in real estate business since 1982, and Benyam
20 Mulugeta, has been a real estate broker licensed in the State of
21 California since 1985.
22 3- Debtors interviewed and hired, Mr. Scott Goodsell, for \$100,000.00
23 retaining fee on March 20, 2009. Reason unknown to Debtors, Mr.Goodsell
24 became uninvolved in our case, and Mr. William Healy became the
25 principal lawyer in our case. However, Debtors repeatedly asked Mr.
26 Goodsell to take over the case and do the necessary things for the
27 case, the answer Debtors got from Mr. Goodsell was if you do not like
28 it to find "another counsel"

Debtors believe based on the actions of Mr. Goodsell, and the way the
case has been handle by Mr. Healy, and the knowledge Mr. Healy has in
real estate business, which is Debtors main business, the lack of
communication and understanding between Debtors and their counsel, and
Mr. Goodsell unwillingness to listen Debtors concern, Debtors believe
posses serious danger to the case. Thus, Debtors request the court to
grant Debtors time to find another lawyer to represent them.
Debtors have start contacting other lawyers to represent them.

1 4- The subject property, 2332 Harrison, Oakland, Ca. was appraised on
2 April 17, 2009 for the buyer, Trading Spaces LLC, by Detailed Analysis
3 Real Estate Appraiser and Investment Analysis for \$7,500,000.00 "as is"
4 (the court has the copy of the appraisal). Debtors believe that when
5 there is equity on the property based on a fully developed appraisal;
6 it is a strong showing for the court to grant Debtors for extension to
7 sale the property and pay their creditors. The court should deny the
8 Loan Oak Fund request for relief since Loan Oak Fund security and
9 interest will not immediately be jeopardized due to the passage of time
10 necessary for Debtors to sale the property and confirm a plan of
11 reorganization. To allow at this stage Loan Oak Fund a relief, not only
12 Loan Oak Fund will get huge wind fall above and over what the Debtors
13 owe to Loan Oak Fund, but will do major damage to Debtors, the estate
14 and other creditors.

15 5- The property, 2332 Harrison, Oakland, Ca. is essential for Debtors
16 successful reorganization. Debtors will submit acceptable plan once
17 Debtors get another lawyer to represent them.

18 6- The property, 2332 Harrison, has sufficient equity to make able Debtors
19 successfully to reorganize and be able to pay off their creditors. In
20 addition, the main reason why Debtors filed bankruptcy on March, 2009
21 was to get protection from creditor like Lone Oak Fund LLC.

22 7- Debtors are actively and aggressively marketing the property for sale,
23 as the result, Debtors are currently working with two other additional
24 prospective buyers and other two lessees. In addition, Debtors are
25 interviewing and contacting Commercial Real Estate Companies,
26 specialized in hotels, and ready to drop the sale price drastically for
27 quick sale. Debtors will ask the court permission to hire commercial
28 real estate broker, if Relan, the current buyer, will not removed all
contingencies and ready to close the deal on or before October 19, 2009

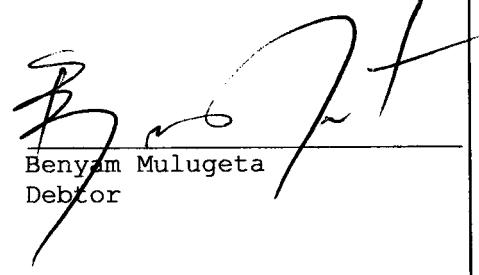
1 56 8- The current buyer, Relan, has done inspection of the property, Debtors
17 will know by October 19, 2009, that Relan will remove all contingencies
18 and prepare to close the deal based on the agreed contract dated
19 August 30, 2009.

20 9- Starting November 10, 2009, Debtors are able to make the \$30,000.00 per
21 month payment the court ordered on the September 30, 2009 hearing, for
22 Debtors to get sufficient time to sale the property.

23 10- Debtors request the court to order Lone Oak Fund, who is not dealing in
24 good faith, to stop immediately from interfering with Debtors effort to
25 sale the property, by claiming that they have court order for
26 receivership and continuingly advertising the property for sale before
27 they have any legal right to do so. That has caused major problem for
28 Debtors to market the property effectively, since most prospective
buyers now know the property is foreclosing and Loan Oak Fund has been
contacting them.

11- Debtors submit the equity on 2332 Harrison property warrants a
not given reasonable time, considering the current economy environment,
to sale Harrison, a property which has enough equity, then all of the
creditors, secured and unsecured, will suffer significant harm and
Debtors' ability to reorganized will be severely jeopardized. Thus, Debtors believe that
there is good cause exist to grant Debtors extension to sale the
Harrison property.

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3 I declare under penalty of perjury under the laws of the United States
4 of America that the foregoing is true and correct and executed on
5 October 9, 2009 in Palo Alto, California.
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Benyam Mulugeta
Debtor

COURT SERVICE LIST

United States Trustee

Office of the U.S. Trustee
U.S. Federal Bldg.
280 S. First St., Suite 268
San Jose, CA 95113

Debtors

Benyam/Paula R Mulugeta
1025 Harker Ave.
Palo Alto, CA 94301

Simon Aron
Wolf, Rifkin, Shapiro, Schulman & Rabkin, LLP
11400 West Olympic Blvd, 9th Floor
Los Angeles, CA 90064-1565

Aglaia Panos
13240 Clairepointe Way
Oakland, CA 94619

California Mortgage
62 First St., 4th Fl
San Fco, CA 94105

Capital One Bank (USA), N.A.
C/O Tsys Debt Management (Tdm)
PO BOX 5155
NORCROSS, GA 30091

Chase
PO Box 94014
Palatine, IL 60094

Chrysler Financial
PO Box 9001921
Louisville, KY 40290

Chrysler Financial Services Americas LLC
Citi
PO Box 6415
The Lakes, NV 88901

Countrywide Home Loans
PO Box 5170
Simi Valley, CA 93062

1 Cupertino Dental
2 10383 Torre Ave. #I
3 Cupertino, CA 95014
4
5 EMC
6 PO Box 660753
7 Dallas, TX 75266
8
9 Expo
10 PO Box 6028
11 The Lakes, NV 88901
12
13 Internal Revenue Service
14 P O Box 21126
15 Philadelphia, P A 19114
16
17 Robert Taylor
18 541B Cowper
19 Palo Alto, CA 94301
20
21 Sequoia Mortgage
22 1114 Irwin St.
23 San Rafael, CA 94901
24
25 Sonoma Bank
26 PO Box 6089
27 Santa Rosa, CA 95406
28
29 Tomoko Nakama
30 1569 Jackson St.
31 Oakland, CA 94612
32
33 Wachovia Dealer Services, Inc
34 PO Box 25341
35 Santa Ana, CA 92799
36
37 Washington Mutual
38 PO Box 660487
39 Dallas, TX 75266
40
41 Washington Mutual
42 PO Box 74148
43 Phoenix, AZ 85062
44

ORDER GRANTING MOTION TO BE RELIEVED AS COUNSEL

1 Wells Fargo
2 PO Box 30086
3 Los Angeles, CA 90030
4
5 WELLS FARGO BANK N.A.
6 BDD BANKRUPTCY DEPT MAC S4101-08C
7 100 W WASHINGTON ST, PHOENIX, AZ 85003

8
9 Wells Fargo Bank, N.A.
10 c/o Wells Fargo Card Services
11 Recovery Department
12 P.O. Box 9210
13 Des Moines, IA 50306

14 SEQUOIA MORTGAGE CAPITAL
15 c/o Patric J. Kelly, Esq.
16 ADLESON, HESS & KELLY, APC
17 577 Salmar Avenue, Second Floor
18 Campbell, CA 95008

19 Chrysler Financial Services Americas LLC
20 f/k/a DAIMLERCHRYSLER FINANCIAL
21 SERVICES AMERICAS LLC
22 c/o Randall P. Mroczynski, Esq.
23 535 Anton Boulevard, Tenth Floor
24 Costa Mesa, CA 92626

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